

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1144H.02P
Bill No.: Perfected HCS for HB 538
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary
Education; Teachers; Children and Minors; Transportation; Department of
Revenue; Driver's Licenses
Type: Original
Date: March 5, 2025

Bill Summary: This proposal modifies provisions governing school transportation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	(\$45,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$45,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 168.133 - Criminal Background Checks

Officials from the **Department of Public Safety - Missouri Highway Patrol** assume the proposal will have no fiscal impact on their organization.

Officials from the **Office of the State Courts Administrator** assume the proposal would have no fiscal impact on their organization.

Oversight notes this proposal adds charter schools to provisions of state law requiring background checks to be conducted on school personnel. The proposal requires background checks to be conducted not only on school bus drivers, but also on the drivers of other vehicles owned by school districts and charter schools. For drivers employed or contracted by a pupil transportation company that is under contract with a school district or charter school, the pupil transportation company shall conduct the criminal background check.

Oversight assumes a minimal amount of additional revenue will be collected into the Criminal Records Fund from additional background checks as a result of this proposal and will not reflect it in the fiscal note.

§§302.177, 302.272 & 302.735 – School Bus Endorsements

Officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

§302.177.2

Modifies minimum age of that school bus endorsement holders who must begin annual skills testing and two-year license issuance to retain the school bus endorsement from 70 and over to 75 years of age and older.

§302.177.6

Modifies the minimum age of eligibility from seventy years to seventy-five years of age to allow the waiver of annual renewal fees for a license with a school bus endorsement.

§302.272.1(3)

Modified the age from seventy to seventy-five for waiver of the pre-trip portion of the driving skills test when completing mandatory retesting to retain a school bus endorsement, and changes the requirement from annually to biennially.

§302.735.4

Modifies age for issuance of annual (changed to biennial) license with school bus endorsement from 70 to 75 and older.

Administrative Impact

To implement the proposed legislation, the Department will be required to:

- Review rules and regulations and initiate changes through JCAR and SOS as applicable.
- Develop project documentation development and oversight of project.
- Work with FAST, the MVDL System vendor to develop requirements for changes to the MO driver license system (internally referred to as FUSION) and supporting changes to the integrated MSHP driver examination system.to incorporate new renewal terms for school bus endorsed license holders aged seventy to seventy-four and changing the mandatory age for an annual retest for school bus endorsement holder's issuance to those 75 and older.
- Modify renewal notice edits and distribution for school bus endorsed.
- Update polices for DOR Third Party test sites to define changes to testing procedures.
- FAST complete changes and user testing for FUSION.
- Update procedures, forms, and the Department website.
- Update internal procedures.
- Update the Missouri Driver Guide (on-line and printed versions).
- Update the Missouri CDL Manual.
- Modify internal training programs and train staff.

FY 2025-Driver License Bureau

Research/Data Assistant 200 hrs. @ \$19.29 per hr. =\$3,858.

Research/Data Analyst 240 hrs. @ \$28.75 per hr. =\$6,900.

Administrative Manager 100 hrs. @ \$31.21 per hr. =\$3,121.

Total =\$13,879

FY 2025-Communications Office

Associate Research/Data Analyst 80 hrs. @ \$23.04 per hr. = \$1,843.

Total DLB and Communications \$15,722.

Manual printing

Due to the significant change in testing requirements, additional cost may be incurred by DOR and MSHP to reprint the non-commercial driver guide and commercial driver license manual and destroy any unused outdated materials. Currently MSHP incurs the cost for printing of the manuals. Potential loss is unknowns and will be based on the number of printed manuals in stock at the time of distribution of the new manuals.

MO Driver License System Vendor (FAST)

Vendor estimates approximately 200 hours for development, testing and implementation tasks.

\$225 x 200 = \$45,000

FY 26 Total Estimated Administrative Costs = \$60,722

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect these administrative costs DOR has indicated on the fiscal note.

DOR notes, due to the significant change in testing requirements, additional cost may be incurred by DOR and MSHP to reprint the non-commercial driver guide and commercial driver license manual and destroy any unused outdated materials. Currently MSHP incurs the cost for printing of the manuals. Potential loss is unknown and will be based on the number of printed manuals in stock at the time of distribution of the new manuals.

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's FUSION costs on the fiscal note.

Officials from the **Department of Public Safety - Missouri Highway Patrol** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Revenue Impact

DOR notes, during FY 24 there were approximately 855 one-year commercial license renewals with a school bus endorsement that required skills testing for persons aged seventy and over. The transaction and testing fees are waived for annual renewal applicants today.

The change to allow persons aged seventy to seventy-five to be issued a two-year renewal may result in a minimal increase in transaction fees of less than \$6,000 annually.

285 x \$20 per 3yr document = \$5,700

75% to Highway Fund= \$4,275

15% to Cities = \$855

10% to Counties = \$570

There may be a minimal increase in revenue from branch office processing fees collected in the Department central branch office from the proposed allowance for a three-year renewal for school bus endorsement holders aged seventy to seventy-four.

This legislation allows for a 2 year issuance for persons aged 75 and over, but does not change the \$7.50 fee. This will result in a minimal decrease in issuance collections.

Oversight assumes the projected increase in revenue is not material; therefore, Oversight will not reflect the minimal increase to the state or to cities/counties.

In response to similar legislation, HB 296 (2025), officials from the **Missouri Department of Transportation** assumed the proposal would have no fiscal impact on their organization.

Bill as Whole

Officials from the **Department of Elementary and Secondary Education, Department of Mental Health, Department of Public Safety – Director’s Office, and Department of Social Services** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight received no responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note. Oversight only reflects the responses received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
<u>Cost – DOR – FUSION implementation</u>	<u>(\$45,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$45,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal modifies provisions governing school transportation.

This bill expands the current background check requirements for school districts to specifically include charter schools. The bill includes drivers of other vehicles owned by school districts and charter schools in the requirement for a background check and clarifies that for drivers employed or contracted by a pupil transportation company under contract with a school district or charter school the pupil transportation company must conduct the criminal background check.

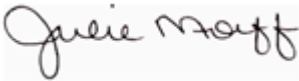
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
 Missouri Highway Patrol
 Department of Social Services
 Office of the State Courts Administrator
 Department of Public Safety- directors office

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Department of Mental Health
Department of Revenue
Office of the State Courts Administrator
Joint Committee on Administrative Rules

A handwritten signature in cursive script, appearing to read "Julie Morff".

Julie Morff
Director
March 5, 2025

A handwritten signature in cursive script, appearing to read "Jessica Harris".

Jessica Harris
Assistant Director
March 5, 2025